

URC

Uniform Rules For Collections

1995 Revision in force as of January 1, 1996

Leaflet Version ICC No. 522LF

The *Uniform Rules for Collections* were first published by the ICC in 1956. Revised versions were issued in 1967 and 1978. This present revision was adopted by the Council of the ICC in June 1995. It is issued with the title "ICC Uniform Rules for Collections" as ICC Publication N°522. This English language gives the official text of the 1995 Revision.

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GENERAL PROVISIONS AND DEFINITIONS

ARTICLE 1

Application of URC 522

- a** The *Uniform Rules for Collections*, 1995 Revision, ICC Publication No. 522, shall apply to all collections as defined in **ARTICLE 2** where such rules are incorporated into the text of the "collection instruction" referred to in **ARTICLE 4** and are binding on all parties thereto unless otherwise expressly agreed or contrary to the provisions of a national, state or local law and/or regulation which cannot be departed from.
- b** Banks shall have no obligation to handle either a collection or any collection instruction or subsequent related instructions.
- c** If a bank elects, for any reason, not to handle a collection or any related instructions received by it, it must advise the party from whom it received the collection or the instructions by telecommunication or, if that is not possible, by other expeditious means, without delay.

ARTICLE 2

Definition of Collection

For the purposes of these Articles:

- a** "Collection" means the handling by banks of documents as defined in **SUB-ARTICLE 2** in accordance with instructions received, in order to:
 - 1. obtain payment and/or acceptance,
 - or
 - 2. deliver documents against payment and/or against acceptance,
 - or
 - 3. deliver documents on other terms and conditions.

- b** "Documents" means financial documents and/or commercial documents:
 - 1. "Financial documents" means bills of exchange, promissory notes, cheques, or other similar instruments used for obtaining the payment of money;
 - 2. "Commercial documents" means invoices, transport documents, documents of title or other similar documents, or any other documents whatsoever, not being financial documents.
- c** "Clean collection" means collection of financial documents not accompanied by commercial documents.
- d** "Documentary collection" means collection of:
 - 1. Financial documents accompanied by commercial documents;
 - 2. Commercial documents not accompanied by financial documents.

ARTICLE 3

Parties to a Collection

- a** For the purposes of these Articles the "parties thereto" are:
 - 1. the "principal" who is the party entrusting the handling of a collection to a bank;
 - 2. the "remitting bank" which is the bank to which the principal has entrusted the handling of a collection;
 - x** 3. the "collecting bank" which is any bank, other than the remitting bank, involved in processing the collection;
 - x** 4. the "presenting bank" which is the collecting bank making presentation to the drawee.
- b** The "drawee" is the one to whom presentation is to be made in accordance with the collection instruction.

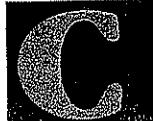


FORM AND STRUCTURE OF COLLECTIONS

ARTICLE 4

Collection Instruction

- a** 1. All documents sent for collection must be accompanied by a collection instruction indicating that the collection is subject to URC 522 and giving complete and precise instructions. Banks are only permitted to act upon the instructions given in such collection instruction, and in accordance with these Rules.
- 2. Banks will not examine documents in order to obtain instructions.
- 3. Unless otherwise authorised in the collection instruction, banks will disregard any instructions from any party/bank other than the party/bank from whom they received the collection.
- b** A collection instruction should contain the following items of information, as appropriate.
 - 1. Details of the bank from which the collection was received including full name, postal and SWIFT addresses, telex, telephone, facsimile numbers and reference.
 - 2. Details of the principal including full name, postal address, and if applicable telex, telephone and facsimile numbers.
 - 3. Details of the drawee including full name, postal address, or the domicile at which presentation is to be made and if applicable telex, telephone and facsimile numbers.
 - 4. Details of the presenting bank, if any, including full name, postal address, and if applicable telex, telephone and facsimile numbers.
 - 5. Amount(s) and currency(ies) to be collected.
 - 6. List of documents enclosed and the numerical count of each document.
 - 7. **a** Terms and conditions upon which payment and or acceptance is to be obtained.
 - b** Terms of delivery of documents against:
 - 1) payment and/or acceptance
 - 2) other terms and conditions.
 - It is the responsibility of the party preparing the collection instruction to ensure that the terms for the delivery of documents are clearly and unambiguously stated, otherwise banks will not be responsible for any consequences arising therefrom.
 - 8. Charges to be collected, indicating whether they may be waived or not.
 - 9. Interest to be collected, if applicable, indicating whether it may be waived or not, including:
 - a** rate of interest
 - b** interest period
 - c** basis of calculation (for example 360 or 365 days in a year) as applicable.
 - 10. Method of payment and form of payment advice.
 - 11. Instructions in case of non-payment, non-acceptance and/or non-compliance with other instructions.
 - c** 1. Collection instructions should bear the complete address of the drawee or of the domicile at which the presentation is to be made. If the address is incomplete or incorrect, the collecting bank may, without any liability and responsibility on its part, endeavour to ascertain the proper address.
 - 2. The collecting bank will not be liable or responsible for any ensuing delay as a result of an incomplete/incorrect address being provided.



FORM OF PRESENTATION

ARTICLE 5

Presentation

- a** For the purposes of these Articles, presentation is the procedure whereby the presenting bank makes the documents available to the drawee as instructed.
- b** The collection instruction should state the exact period of time within which any action is to be taken by the drawee.
- Expressions such as "first", "prompt", "immediate", and the like should not be used in connection with presentation or with reference to any period of time within which documents have to be taken up or for any other action that is to be taken by the drawee. If such terms are used banks will disregard them.
- c** Documents are to be presented to the drawee in the form in which they are received, except that banks are authorized to affix any necessary stamps, at the expense of the party from whom they received the collection unless otherwise instructed, and to make any necessary endorsements or place any rubber stamps or other identifying marks or symbols customary to or required for the collection operation.
- d** For the purpose of giving effect to the instructions of the principal, the remitting bank will utilise the bank nominated by the principal as the collecting bank. In the absence of such nomination, the remitting bank will utilize any bank of its own, or another bank's choice in the country of payment or acceptance or in the country where other terms and conditions have to be complied with.
- e** The documents and collection instruction may be sent directly by the remitting bank to the collecting bank or through another bank as intermediary.
- f** If the remitting bank does not nominate a specific presenting bank, the collecting bank may utilise a presenting bank of its choice.

ARTICLE 6

Sight/Acceptance

In the case of documents payable at sight the presenting bank must make presentation for payment without delay. In the case of documents payable at a tenor other than sight the presenting bank must, where acceptance is called for, make presentation for acceptance without delay, and where payment is called for, make presentation for payment not later than the appropriate maturity date.

ARTICLE 7

Release of Commercial Documents.

Documents Against Acceptance (D/A) vs.

Documents Against Payment (D/P)

- a** Collections should not contain bills of exchange payable at a future date with instructions that commercial documents are to be delivered against payment.
- b** If a collection contains a bill of exchange payable at a future date, the collection instruction should state whether the commercial documents are to be released to the drawee against acceptance (D/A) or against payment (D/P).

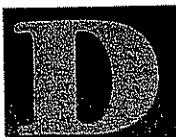
In the absence of such statement commercial documents will be released only against payment and the collecting bank will not be responsible for any consequences arising out of any delay in the delivery of documents.

c If a collection contains a bill of exchange payable at a future date and the collection instruction indicates that commercial documents are to be released against payment, documents will be released only against such payment and the collecting bank will not be responsible for any consequences arising out of any delay in the delivery of documents.

ARTICLE 8

Creation of Documents

Where the remitting bank instructs that either the collecting bank or the drawee is to create documents (bills of exchange, promissory notes, trust receipts, letters of undertaking or other documents) that were not included in the collection, the form and wording of such documents shall be provided by the remitting bank, otherwise the collecting bank shall not be liable or responsible for the form and wording of any such document provided by the collecting bank and/or the drawee.



LIABILITIES AND RESPONSIBILITIES

ARTICLE 9

Good Faith and Reasonable Care

Banks will act in good faith and exercise reasonable care.

ARTICLE 10

Documents vs. Goods/Services/Performances

a Goods should not be despatched directly to the address of a bank or consigned to or to the order of a bank without prior agreement on the part of that bank.

Nevertheless, in the event that goods are despatched directly to the address of a bank or consigned to or to the order of a bank for release to a drawee against payment or acceptance or upon other terms and conditions without prior agreement on the part of that bank, such bank shall have no obligation to take delivery of the goods, which remain at the risk and responsibility of the party despatching the goods.

b Banks have no obligation to take any action in respect of the goods to which a documentary collection relates, including storage and insurance of the goods even when specific instructions are given to do so. Banks will only take such action if, when, and to the extent that they agree to do so in each case. Notwithstanding the provisions of **SUB-ARTICLE 1 C** this rule applies even in the absence of any specific advice to this effect by the collecting bank.

c Nevertheless, in the case that banks take action for the protection of the goods, whether instructed or not, they assume no liability or responsibility with regard to the fate and/or condition of the goods and/or for any acts and/or omissions on the part of any third parties entrusted with the custody and/or protection of the goods. However, the collecting bank must advise without delay the bank from which the collection instruction was received of any such action taken.

d Any charges and/or expenses incurred by banks in connection with any action taken to protect the goods will be for the account of the party from whom they received the collection.

e 1. Notwithstanding the provisions of **SUB-ARTICLE 10 E**, where the goods are consigned to or to the order of the collecting bank and the drawee has honoured the collection by payment, acceptance or other terms and conditions, and the collecting bank arranges for the release of the goods, the remitting bank shall be deemed to have authorised the collecting bank to do so.

2. Where a collecting bank on the instructions of the remitting bank or in terms of **SUB-ARTICLE 10 E (1.)** above arranges for the release of the goods, the remitting bank shall indemnify such collecting bank for all damages and expenses incurred.

ARTICLE 11

Disclaimer For Acts of an Instructed Party

a Banks utilising the services of another bank or other banks for the purpose of giving effect to the instructions of the principal, do so for the account and at the risk of such principal.

b Banks assume no liability or responsibility should the instructions they transmit not be carried out, even if they have themselves taken the initiative in the choice of such other bank(s).

c A party instructing another party to perform services shall be bound by and liable to indemnify the instructed party against all obligations and responsibilities imposed by foreign laws and usages.

ARTICLE 12

Disclaimer on Documents Received

a Banks must determine that the documents received appear to be as listed in the collection instruction and must advise by telecommunication or, if that is not possible, by other expeditious means, without delay, the party from whom the collection instruction was received of any documents missing, or found to be other than listed.

Banks have no further obligation in this respect.

b If the documents do not appear to be listed, the remitting bank shall be precluded from disputing the type and number of documents received by the collecting bank.

c Subject to **SUB-ARTICLE 5 C** and **SUB-ARTICLES 12 E** and **12 E** above, banks will present documents as received without further examination.

ARTICLE 13

Disclaimer on Effectiveness of Documents

Banks assume no liability or responsibility for the form, sufficiency, accuracy, genuineness, falsification or legal effect of any document(s), or for the general and/or particular conditions stipulated in the document(s) or superimposed thereon; nor do they assume any liability or responsibility for the description, quantity, weight, quality, condition, packing, delivery, value or existence of the goods represented by any document(s), or for the good faith or acts and/or omissions, solvency, performance or standing of the consignors, the carriers, the forwarders, the consignees or the insurers of the goods, or any other person whomsoever.

ARTICLE 14

Disclaimer on Delays, Loss in Transit and Translation

a Banks assume no liability or responsibility for the consequences arising of delay and/or loss in transit of any message(s), letter(s) or document(s) or for delay, mutilation or other error(s) arising in transmission of a telecommunication or for error(s) in translation and/or interpretation in technical terms.

b Banks will not be liable or responsible for any delays resulting from the need to obtain clarification of any instructions received.

ARTICLE 15

Force Majeure

Banks assume no liability or responsibility for consequences arising out of the interruption of their business by Acts of God, riots, civil commotions, insurrections, wars, or any other causes beyond their control or by strikes or lockouts.



PAYMENT

ARTICLE 16

Payment Without Delay

- a** Amounts collected (less charges and/or disbursements and/or expenses where applicable) must be made available without delay to the party from whom the collection instruction was received in accordance with the terms and conditions of the collection instruction.
- b** Notwithstanding the provisions of **SUB-ARTICLE 1 C** and unless otherwise agreed, the collecting bank will effect payment of the amount collected in favour of the remitting bank only.

ARTICLE 17

Payment in Local Currency

In the case of documents payable in the currency of the country of payment (local currency), the presenting bank must, unless otherwise instructed in the collection instruction, release the documents to the drawee against payment in local currency only if such currency is immediately available for disposal in the manner specified in the collection instruction.

ARTICLE 18

Payment in Foreign Currency

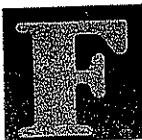
In the case of documents payable in a currency other than that of the country of payment (foreign currency), the presenting bank must, unless otherwise instructed in the collection instruction, release the documents to the drawee against payment in the designated foreign currency only if such foreign currency can immediately be remitted in accordance with the instructions given in the collection instruction.

ARTICLE 19

Partial Payments

- a** In respect of clean collections, partial payments may be accepted if and to the extent to which and on the conditions on which partial payments are authorised by the law in force in the place of payment. The financial document(s) will be released to the drawee only when full payment thereof has been received.
- b** In respect of documentary collections, partial payments will only be accepted if specifically authorised in the collection instruction. However, unless otherwise instructed, the presenting bank will release the documents to the drawee only after full payment has been received, and the presenting bank will not be responsible for any consequences arising out of any delay in the delivery of documents.
- c** In all cases partial payments will be accepted only subject to compliance with the provisions of either **ARTICLE 17** or **ARTICLE 18** as appropriate.

Partial payment, if accepted, will be dealt with in accordance with the provisions of **ARTICLE 16**.



INTEREST, CHARGES AND EXPENSES

ARTICLE 20

Interest

- a** If the collection instruction specifies that interest is to be collected and the drawee refuses to pay such interest, the presenting bank may deliver the document(s) against payment or acceptance or on other terms and conditions as the case may be, without collecting such interest, unless **SUB-ARTICLE 20 E** applies.
- b** Where such interest is to be collected, the collection instruction must specify the rate of interest, interest period and basis of calculation.
- c** Where the collection instruction expressly states that interest may not be waived and the drawee refuses to pay such interest the presenting bank will not deliver documents and will not be responsible for any consequences arising out of any delay in the delivery of document(s). When payment of interest has been refused, the presenting bank must inform by telecommunication or, if that is not possible, by other expeditious means without delay the bank from which the collection instruction was received.

ARTICLE 21

Charges and Expenses

- a** If the collection instruction specifies that collection charges and/or expenses are to be for account of the drawee and the drawee refuses to pay them, the presenting bank may deliver the document(s) against payment or acceptance or on other terms and conditions as the case may be, without collecting charges and/or expenses, unless **SUB-ARTICLE 21 E** applies. Whenever collection charges and/or expenses are so waived they will be for the account of the party from whom the collection was received and may be deducted from the proceeds.
- b** Where the collection instruction expressly states that charges and/or expenses may not be waived and the drawee refuses to pay such charges and/or expenses, the presenting bank will not deliver documents and will not be responsible for any consequences arising out of any delay in the delivery of the document(s). When payment of collection charges and/or expenses has been refused the presenting bank must inform by telecommunication or, if that is not possible, by other expeditious means without delay the bank from whom the collection instruction was received.
- c** In all cases where in the express terms of a collection instruction or under these Rules, disbursements and/or expenses and/or collection charges are to be borne by the principal, the collecting bank(s) shall be entitled to recover promptly outlays in respect of disbursements, expenses and charges from the bank from which the collection instruction was received, and the remitting bank shall be entitled to recover promptly from the principal an amount so paid out by it, together with its own disbursements, expenses and charges, regardless of the fate of the collection.
- d** Banks reserve the right to demand payment of charges and/or expenses in advance from the party from whom the collection instruction was received, to cover costs in attempting to carry out any instructions, and pending receipt of such payment, also reserve the right not to carry out such instructions.



OTHER PROVISIONS

ARTICLE 22

Acceptance

The presenting bank is responsible for seeing that the form of the acceptance of a bill of exchange appears to be complete and correct, but is not responsible for the genuineness of any signature or for the authority of any signatory to sign the acceptance.

ARTICLE 23

Promissory Notes and Other Instruments

The presenting bank is not responsible for the genuineness of any signature or for the authority of any signatory to sign a promissory note, receipt, or other instruments.

ARTICLE 24

Protest

The collection instruction should give specific instructions regarding protest (or other legal process in lieu thereof), in the event of non-payment or non-acceptance.

In the absence of such specific instructions, the banks concerned with the collection have no obligation to have the document(s) protested (or subjected to other legal process in lieu thereof) for non-payment or non-acceptance.

Any charges and/or expenses incurred by banks in connection with such protest, or other legal process, will be for the account of the party from whom the collection instruction was received.

ARTICLE 25

Case-of-Need

If the principal nominates a representative to act as case-of-need in the event of non-payment and/or non-acceptance the collection instruction should clearly and fully indicate the powers of such case-of-need. In the absence of such indication banks will not accept any instructions from the case-of-need.

ARTICLE 26

Advices

Collecting banks are to advise fate in accordance with the following rules:

a Form of Advice

All advices or information from the collecting bank to the bank from which the collection instruction was received, must bear appropriate details including, in all cases, the latter bank's reference as stated in the collection instruction.

b Method of Advice

It shall be the responsibility of the remitting bank to instruct the collecting bank regarding the method by which the advices detailed in **C** (1), **C** (2.) and **C** (3.) are to be given. In the absence of such instructions, the collecting bank will send the relative advices by the method of its choice at the expense of the bank from which the collection instruction was received.

C 1. Advice of Payment

The collecting bank must send without delay advice of payment to the bank from which the collection instruction was received, detailing the amount or amounts collected, charges and/or disbursements and/or expenses deducted, where appropriate, and method of disposal of the funds.

2. Advice of Acceptance

The collecting bank must send without delay advice of acceptance to the bank from which the collection instruction was received.

3. Advice of Non-Payment and/or Non-Acceptance

The presenting bank should endeavour to ascertain the reasons for non-payment and/or non-acceptance and advise accordingly, without delay, the bank from which it received the collection instruction.

The presenting bank must send without delay advice of non-payment and/or advice of non-acceptance to the bank from which it received the collection instruction.

On receipt of such advice the remitting bank must give appropriate instructions as to the further handling of the documents. If such instructions are not received by the presenting bank within 60 days after its advice of non-payment and/or non-acceptance, the documents may be returned to the bank from which the collection instruction was received, without any further responsibility on the part of the presenting bank.